





# THE **PATIENT PROTECTION** AND **AFFORDABLE CARE ACT**



# ***Signed into Law March 2010***

## **1. Provide quality, affordable health care**

2. Expanding eligibility for Medicaid
3. Improve quality and efficiency of Medicare and Medicaid
4. Prevention of chronic disease and improve public health
5. Encourage innovations in health workforce training, recruitment and retention
6. Ensuring transparency and program integrity
7. Improve access to innovative medical therapies
8. Establish a long-term care insurance program

## **9. Revenue provisions**



## *Provisions Already Implemented*

Insurance Companies	CalPERS	City of Hayward
<ul style="list-style-type: none"><li>• Eliminate pre-existing condition exclusion for children under 19</li><li>• Increase dependent coverage to age 26</li><li>• No-cost preventative care</li><li>• Prohibit lifetime limits and annual benefit maximums</li><li>• Require insurance providers to publish easy-to-read summary of benefits</li></ul>	<ul style="list-style-type: none"><li>• Patient Centered Outcomes Research Institute Fee</li><li>• Reinsurance Fee</li><li>• Health Insurer Fee</li><li>• CalPERS Included Fees in Rate Increase for 2014</li></ul>	<ul style="list-style-type: none"><li>• Report employer-paid medical benefits on W2</li><li>• Reduce annual flexible spending account to \$2,500</li><li>• Medicare tax increase for higher earners</li><li>• Notification of Health Care Exchange</li></ul>



# *Provisions To Be Implemented*



- Health Care Exchange
- Individual Mandate
- Pay or Play
- Cadillac Tax





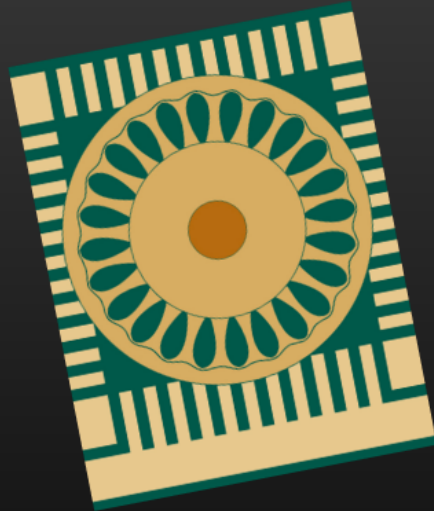
# *Health Care Exchange*

- Covered California - [www.coveredca.com](http://www.coveredca.com)
- Open Enrollment - 10/1/2013 - 3/1/2014
- 13 Plans offered
- Federal subsidy for eligible Americans
- Employees with "Affordable" coverage through employer will not be eligible for subsidy



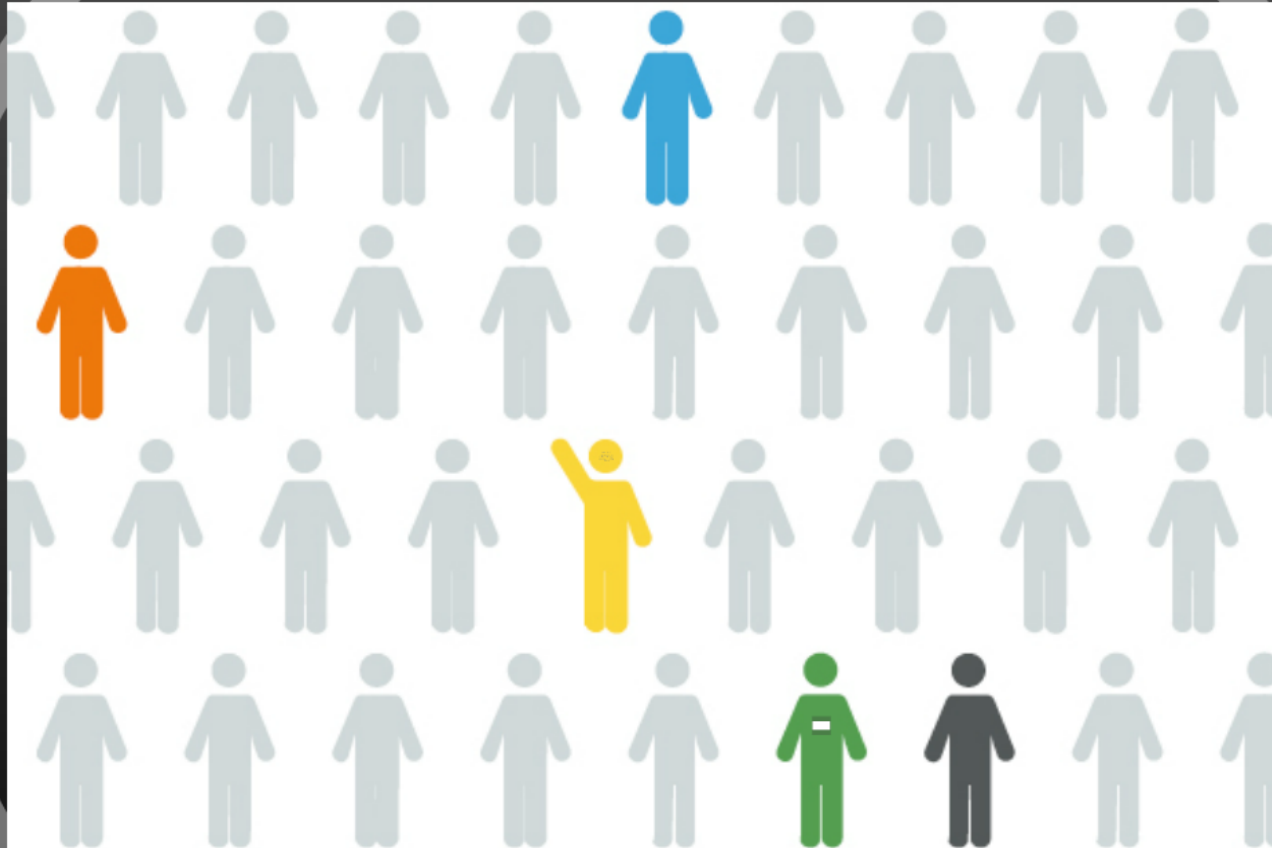
# *City of Hayward*

## Community



- Hayward Household of 3
- \$75,594 Annual Household Income
- Eligible for a \$329/month subsidy
- Can purchase medical coverage for \$341 to \$963/month through the exchange, after subsidy





***Individual Mandate***





Effective January 1, 2014

All U.S. Citizens and Legal  
Residents must have  
"Minimum Essential Coverage"

Tax Penalty for Those Without  
Coverage



Annual Tax Penalty for Not Having Coverage			
Year	Individual	Child	Family Cap
2014	\$95.00	\$47.50	\$285 or 1% of household income; whichever is greater
2015	\$325.00	\$162.50	\$975 or 2% of household income; whichever is greater
2016	\$695.00	\$347.50	\$2,085 or 2.5% of household income; whichever is greater
2017 +	\$695.00 <sup>1</sup>	\$347.50 <sup>1</sup>	Capped at 3 x the indexed individual value or 2.5% of household income

<sup>1</sup> Indexed for cost-of-living adjustments







# ***Large Employers***

- 50+ Employees
- Must Offer Minimum Essential Coverage that:
  1. Provides Minimum Value
  2. Is Affordable



# *City of Hayward Employee Benefits*

Safe Harbor Test Methodology <sup>1</sup>	Max Monthly Employee Contribution <sup>2</sup>	Current Employee Contributions <sup>3</sup>
Federal Poverty Line	\$90.96	\$0.00
Rate of Pay	\$246.88	
W-2 Earnings	\$335.34	

<sup>1</sup> Test is applied to employee only coverage for least expensive plan offered.

<sup>2</sup> Used lowest paid, full-time, City of Hayward position, Step A (\$19.99/hour) for calculations.

<sup>3</sup> Excluding the Mayor, Council, and Unrepresented Employees



# ***Annual Penalty***

If the City didn't offer coverage, or it wasn't  
"Minimum Essential Coverage":

$\$2,000 \times [\# \text{ of employees} - 30]$

**Approximately \$1.5 Million Annually**

City pays Approximately \$12.5 Million  
Annually in Health Care Premiums





Cadillac Tax





# Beginning in 2018

Tax for Plans with Annual Premiums in  
Excess of Threshold:

Individual - \$10,200

Family - \$27,500

Estimated Annual Cost to City = \$985,000





## 2014 Annual Premium

Kaiser Single = \$8,912  
Kaiser Family = \$23,173

BlueShield Single = \$10,039  
BlueShield Family = \$26,102



ANY  
QUESTIONS  
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